

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison
Company (U 338 E) Regarding the Future
Disposition of the Mohave Generating Plant.

Application 02-05-046
(Filed May 17, 2002)

**ADMINISTRATIVE LAW JUDGE'S RULING
ON CASE STATUS**

Southern California Edison Company (Edison) filed the above referenced application on May 17, 2002, seeking Commission authorization to either 1) recognize that the Mohave Generating Station (Mohave) will no longer function as a coal-fired plant after the end of 2005 and establish the appropriate balancing accounts, or 2) authorize Edison to spend up to \$58 million in 2003 on the pollution controls and related capital expenses necessary to allow the facility to continue as a coal-fired plant. Mohave is fueled by coal from the Black Mesa coalmine, located approximately 275 miles east of Mohave in northeast Arizona. The coal is transported from the mine to Mohave by way of Black Mesa Pipeline, a coal-slurry pipeline. The water for the slurring process comes from the N-Aquifer, a well that underlies the land of the Hopi Tribe and Navaho Nation.

The Hopi Tribe and the Navajo Nation, as well as many other parties, do not want the N-Aquifer to continue to supply water for the mine and the pipeline. Because of the arid nature of the geography close to the coalmine, as well as the sensitive nature of the water associated with the Grand Canyon, it has been very difficult for the parties to find an alternative water source. The parties

are now focusing on the C-Aquifer as a substitute water source, but before it can be determined if the C-Aquifer will provide the required amount of water, a hydrologic feasibility study must be done. The feasibility study needs to be funded, and the stakeholders have been stalled on who should contribute, and in what amounts, to this study.

Unfortunately, finding an alternative water source is the king pin in moving forward on all the other issues, especially the coal issue, associated with Mohave continuing as a coal-fired plant. Therefore, despite Commission requests for testimony and/or briefing on cost estimates and timelines for all viable alternatives for Mohave, the submissions to date have been incomplete because of the unresolved water and coal problems. The major stakeholders have been negotiating among themselves on the issue of funding the C-Aquifer feasibility study, and if they do not resolve the issue themselves, they have volunteered to participate in mediation at the Commission, before an Administrative Law Judge (ALJ) other than myself, on October 10, 2003.

Under current guidelines, Commission strives to issue a decision in an application proceeding within 18 months of the filing date. November 17, 2003, is the 18-month deadline. However, the Commission, as well as many parties to the proceeding, have been thwarted in attempts to move the proceeding forward because of the lack of resolution of the two key underlying issues: water and coal. Hearings have not been set because the parties have not been able to present adequate data on the options for Mohave, or for replacing the power generated by Mohave if it is shut down, because of the lack of resolution on these topics.

The Commission is now hopeful that the water issue can move forward, and then negotiations on the other related issues, including coal quality,

quantity, and price, can proceed. Until the water and coal issues are finalized, there is no way to know the projected costs and timelines for shutting the plant down; installing the required pollution controls and associated improvements; pursuing an Integrated Gasification Combined Cycle facility; using renewable to replace Mohave power; replacing Mohave with a gas burning facility; or investigating other potentially viable alternatives.

In addition to the goal of processing an application within 18 months from filing, the Commission is also mindful that the more time that expires without progress in the case bodes poorly for keeping the facility operational as a coal-fired facility post 2005. Therefore, as soon as the Commission is assured that the water issue is progressing, a second Prehearing Conference (PHC) will be set for the purpose of scheduling hearings on the costs and timelines for all the alternatives.

If any party is unable to prepare testimony on issues germane to Mohave because of discovery disputes, please alert me, and I will see what can be done to resolve the impasse.

Dated October 8, 2003, at San Francisco, California.

/s/ Carol Brown

Carol Brown
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling on Case Status on all parties of record in this proceeding or their attorneys of record.

Dated October 8, 2003, at San Francisco, California.

/s/ Antonina V. Swansen

Antonina V. Swansen

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.